

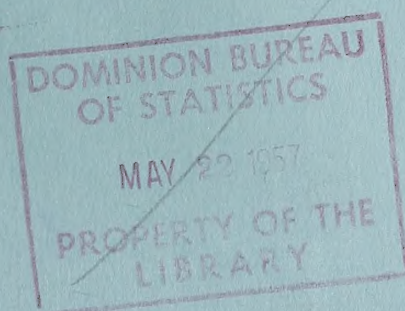
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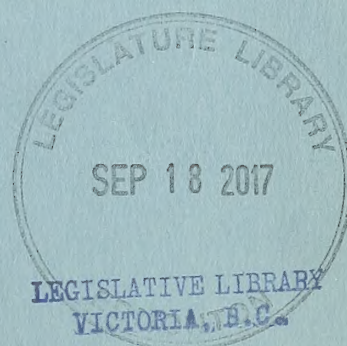
ALBERTA GOVERNMENT TELEPHONES

ANNUAL REPORT

1932-1933



EDMONTON, ALBERTA.



ALBERTA GOVERNMENT TELEPHONES

Edmonton, Alberta,
March 1st, 1934.

To His Honour,

W.L. Walsh,

Lieutenant Governor of the Province of Alberta,
Edmonton, Alberta.

Sir:

I have the honour to transmit the
Twenty-first Annual Report of the Department of Telephones for
the year ending March 31st 1933.

I have the honour to be, Sir,

Your obedient servant,

GEORGE HOADLEY

Acting Minister of Railways & Telephones.

ALBERTA GOVERNMENT TELEPHONES

Edmonton, January 31st, 1934.

Hon. George Hoadley,
Acting Minister of Railways & Telephones,
EDMONTON, Alta.

Dear Sir:

I submit herewith the Twenty-first Annual Report of the Alberta Government Telephones for the year ended March 31st, 1933.

The operating deficit for the year without appropriation for replacement and renewal reserve is \$177,006.98 to which has been added a special appropriation of \$100,000.00 for bad and doubtful accounts, making the total deficit for the year \$277,006.98, and the total corporate deficit as at this date \$931,959.09.

No extension work of any kind has been undertaken during the year.

On April 20th, 1932, the property of the Department was very badly damaged by a sleet storm which resulted in the reserve for renewal and replacement of plant being seriously lowered as well as again drawing particular attention to the condition of our rural telephone system.

ALBERTA GOVERNMENT TELEPHONES

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The cost of repairs, replacements and charges to reserve account for plant repaired, replaced or abandoned was approximately \$400,000.00.

The effect on the rural telephone system is discussed later in this report.

During the year Operating Revenues dropped from \$2,969,722.00 to \$2,561,721.00 or 13.74%. Rural Revenues show the sharpest drop from \$485,427.00 to \$362,230.00 or 25.38% followed by long distance revenues from \$986,766.00 to \$829,531.00 or 15.93% and urban exchange revenues from \$1,497,529.00 to \$1,369,959.00 or 8.52%.

Station losses have been extremely heavy during the year, 3,601 exchange telephones and 2,913 rural telephones having been disconnected.

The net losses to date since September 1929, our peak month, are exchange telephones 7,402, and rural 10,970.

Stringent economies have been in effect during the year and efforts by sales pressure and concessions to users have been made to retain our subscribers but without much success. Operating expenses were reduced by \$123,889.00 for the year but interest on debenture debt increased by \$59,200.00

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Fixed charges cannot be materially altered and there is little hope of keeping pace with rapidly falling revenues and operating expense so that altogether the prospects are not good.

THE RURAL TELEPHONE SYSTEM:

Special attention is again directed to the condition of our rural telephone system. The loss in revenues earned has already been pointed out and when this is coupled with the extreme difficulty of enforcing collection of earned monies the condition becomes grave.

The rural telephone system is close to the end of its useful life and no reserves are available for rebuilding. Hundreds of miles of line are stripped of subscribers and the idle plant is rapidly falling into decay for lack of money to maintain it. This not only constitutes a very serious loss to the System but is an ever present hazard to the travelling public.

After experimenting with several methods of collection inducement, a policy of allowing a premium of thirty five per cent. on all cash payments for rural telephone service was introduced in February 1933. So far the results seem to indicate that subscribers who paid their accounts regularly were profiting by this arrangement and those in arrears pay little attention to any offer. It has had no effect whatever on our station loss, in spite of the fact that the premium

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is the equivalent of a temporary rate reduction of twenty five per cent. or sixty three cents per month on the average rural telephone rental.

The whole rural telephone question is now of major importance not only to the Alberta Government Telephones but to the Province as a whole and I must press for serious consideration of an extremely difficult problem.

The usual tables showing earnings and expenses, interest and sinking fund for the last thirteen years follow:

	<u>Telephone Earnings:</u>	<u>Telephone Expenses</u>	<u>Number of Telephones</u>
1920	\$1,930,884.00	\$1,377,116.00	42,854
1921	2,247,277.00	1,431,671.00	50,611
1922	2,359,551.00	1,380,564.00	53,421
1923	2,361,468.00	1,287,723.00	53,896
1924	2,399,080.00	1,242,842.00	54,215
1925	2,502,175.00	1,254,119.00	56,279
1926	2,772,372.00	1,266,519.00	56,930
1927	3,287,232.00	1,299,622.00	58,331
1928	3,622,237.00	1,364,108.00	60,222
1930	3,792,659.00	1,481,663.00	61,963
1931	3,555,992.00	1,471,534.00	57,837
1932	2,969,721.00	1,344,260.00	50,066
1933	2,561,721.00	1,205,834.00	43,561
1934	2,772,372.00	1,068,723.00	45,785

Interest & Sinking Fund:

1920	\$ 622,454.00
1921	991,030.00
1922	1,347,426.00
1923	1,340,686.00
1924	1,373,631.00
1925	1,362,943.00
1926	1,369,672.00
1927	1,357,206.00
1928	1,331,123.00
1930	1,411,550.00
1931	1,461,234.00
1932	1,521,199.00
1933	1,572,295.00
1934	1,521,199.00

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The outlook for improvement in telephone affairs during the coming year is far from promising and while under continued conditions of national depression we are, with the exception of our rural telephone system, no worse off than the other telephone systems of the Dominion, little improvement is likely to be expected.

It is again my pleasure to record the faithful and loyal services of our employees under very discouraging conditions.

Your obedient servant,

J.D. BAKER

DEPUTY MINISTER OF TELEPHONES.

ALBERTA GOVERNMENT TELEPHONES

COMMERCIAL

CONDENSED STATION REPORT, Year ended March 31st, 1933.

Exchange Subscribers' Stations	26,623
Exchange Subscribers' Extensions	2,852
Exchange P.A.X. Sub-Stations	416
Exchange P.B.X. Sub-Stations	2,560
Pay Stations	639
Toll Stations	281
Private A.B. Line Stations	28
	<u>33,399</u>
Rural Subscribers' Stations	<u>10,162</u>
TOTAL:	<u>43,561</u>

STATEMENT OF EXCHANGES & TOLL OFFICES IN THE PROVINCE, Year ended March 31st 1933.

Number of Alberta Government Telephone Exchanges	299	
Number of Alberta Government Telephone Toll Offices		281
Number of Alberta Government Telephone Exchange Stations		33,118
Number of Alberta Government Telephone Rural Stations		<u>10,162</u>
		43,561
Number of Private Owned Party Lines	67	
Number of Private Owned Party Line Stations		867
Number of Connecting Exchanges:		
(Edmonton, Edgerton, Banff, Eckville, and Erixon)	5	
Number of Connecting Exchange Stations		<u>15,820</u>
TOTAL:		<u>60,248</u>

P L A N T

TOLL WORK UNDERTAKEN & COMPLETED April 1st 1932 to March 31st 1933.

Pole Miles 2.50 Wire Miles 6.25

TOTAL RURAL MILEAGE BUILT SAME PERIOD

	<u>Pole Miles</u>	<u>Wire Miles</u>	<u>Subscribers</u>
Road Allowance	.50	113.75	
Runoffs	<u>.16</u>	<u>.16</u>	<u>4</u>
TOTALS:	<u>.66</u>	<u>113.91</u>	<u>4</u>

ALBERTA GOVERNMENT TELEPHONES

T R A F F I C:

GENERAL STATISTICS, for Year ending March 31st 1933.

Traffic Payroll Offices	34
Offices giving Continuous Service	117
Offices giving Semi-Continuous Service	3
Toll Centers	104
Tributary Offices	489
Total Number of Cities, Towns and Hamlets in Alberta having telephone connection	1,087
Number of L.D. "Out" tickets completed and billed	1,767,771
Offices using Teletype for Departmental business	3
Number of Physical L.D. Lines	325
Number of Phantom L.D. Lines	40
Number of part Phantom and part Physical L.D. Lines	41
Number of Carrier L.D. Lines	8
Total Number of L.D. Lines	414
Number of Morse Lines	6
Phantom L.D. Circuit Mileage	3,990
Physical L.D. Circuit Mileage	21,304
Carrier L.D. Circuit Mileage	2,260
Morse L.D. Circuit Mileage	1,452

Included in the above is the Peace River
District which is composed of the following:

Toll Centers	4
Tributary Offices	47
Number of Physical L.D. Lines	11
Number of Phantom L.D. Lines	1
Total Long Distance Mileage	558

ALBERTA GOVERNMENT TELEPHONES

BALANCE SHEET

As at March 31st, 1933

A S S E T S:

Plant in Service:

Real Estate	\$1,623,922.47
Equipment	4,039,583.13
Exchange Lines	3,442,582.38
Rural Lines	6,897,250.49
Toll Lines	7,153,402.26

\$23,156,740.73

Inventory & Supplies:

Office furniture & Fixtures	77,449.67
Tools and Vehicles	52,621.37
Supplies	724,600.44

854,671.48

Current Assets:

Cash and deposits	439,419.72
Provincial Treasurer	692.69
Accounts Receivable, less reserve	459,003.96
Interest Receivable	4,071.34
Prepaid Expenses	53,678.73
Unbilled Custom Work & Sales	209.90

957,076.34

Special Funds:

Depreciation & Renewal Reserve Fund	351,929.70
Sinking Fund	1,699,462.89
Pension and Death Benefit Fund	348,947.71

2,400,340.30

Deferred Charges & Capital Losses:

Province of Alberta Subvention	354,000.00
Debenture discount	1,029,782.63
American exchange	340,162.41
Dead Line removals	517,790.34
Loss on adjustment in inventories	300,000.00
Adjustment of accrued debenture interest	334,847.18
Adjustment of accrued sinking fund	56,228.81

2,932,811.37

Corporate Deficit:

931,959.09

\$31,233,599.31

ALBERTA GOVERNMENT TELEPHONES

LIABILITIES:

Capital:

Debenture Debt	\$26,112,640.23
Treasury Bills	952,000.00
Province of Alberta notes	335,000.00
	<hr/>
	27,399,640.23
Borrowings from Reserve	346,361.28
	<hr/>

\$27,746,001.51

Current Liabilities:

Accrued Debenture Interest, not due	510,679.68
Accrued Sinking Fund, not due	89,485.54
Unearned Revenue, etc.	122,969.40
	<hr/>

723,134.62

Reserves:

Depreciation & Renewal Reserve	351,929.70
Sinking Fund Reserve	1,699,462.89
Pension & Death Benefit Fund Reserve	348,947.71
Special Reserve	10,122.88
	<hr/>

2,410,463.18

354,000.00

Province of Alberta Subvention:

\$31,233,599.31

Edmonton, September 26th, 1933.

I have audited the books and records of the Alberta Government Telephones for the year ended March 31st 1933, and the above balance sheet and accompanying statement of earnings are correctly prepared therefrom.

Operations for the year, without provision for depreciation, resulted in a loss of \$277,006.98. If depreciation had been provided on the former basis, 3.1/2% of plant in service, the loss would have been increased by a further sum of \$831,361.90

Due to the insufficiency of the existing depreciation reserve, loss arising from the removal of dead lines aggregating \$517,790.34 was capitalized, as distinct from the practice in previous years of writing off all capital losses in connection with plant replacements or removals to depreciation and renewal reserve.

Through failure to earn sufficient sums for depreciation over a period of years, the utility faces a heavy capital loss on its investment in plant and equipment. The balance sheet shows these items at cost, as no complete inventory of plant in service has been taken since the Wray appraisal in 1918. In my opinion, an engineering inventory could be made, by telephone officials, from construction plans available in the plant department, without undue expense or delay. The results obtained in this manner, subjected to a limited physical inspection, would provide a satisfactory basis of valuation of plant in service. The existing situation is unsatisfactory.

While the total sinking fund at March 31st, 1933, amounted to \$1,699,462.89, it is not available for depreciation purposes, as deferred charges and capital losses, for which provision must ultimately be made, amounted to a larger sum.

The inventory of supplies includes equipment taken out of service and returned to stores at average cost without allowance for depreciation or obsolescence.

The reserve for bad debts was increased during the year by a provision of \$100,000.00, and amounted to \$114,546.53 at March 31st 1933. Having regard to the fact that former subscribers and closing accounts amounted to \$284,752.18, representing 50% of accounts receivable at the end of the fiscal year, the existing reserve will probably fall short of requirement.

The pension fund is not arranged on an actuarial basis, and the contributions which have been made to date will probably prove insufficient for future requirements.

No provision was made in respect of premium on debenture interest payable in New York and maturing on April 1st, 1933.

Subject to the foregoing remarks, I certify that, in my opinion, the above balance sheet is properly drawn up so as to show the financial position of the Alberta Government Telephones as at March 31st 1933, and the accompanying relative statement of earnings fairly states the result of operations for the fiscal year ended at that date.

JAMES C. THOMPSON C.A.

PROVINCIAL AUDITOR.

ALBERTA GOVERNMENT TELEPHONES

CONDENSED STATEMENT OF EARNINGS

For the Year ended March 31st, 1933.

Telephone Operating Revenue:

Exchange Earnings	\$1,369,959.54	
Rural Earnings	362,229.96	
Toll Earnings	<u>829,531.50</u>	
		\$2,561,721.00

Telephone Operating Expense:

Operation	971,239.68	
Maintenance	<u>352,052.90</u>	
		<u>1,323,292.58</u>
Net Telephone Earnings:		1,238,428.42

Add: Sundry Earnings:

Directory Revenue	34,762.14	
Miscellaneous Revenue	41,628.36	
Interest Earned, etc.	<u>15,105.13</u>	
		<u>91,495.63</u>
		1,329,924.05

Deduct:

Interest	1,428,901.17	
Contingencies	433.49	
Commission and Exchange	<u>3,963.44</u>	
		<u>1,433,298.10</u>
Operating Deficit:		103,374.05

Add: Other Charges:

Sinking Fund Contribution	138,997.36	
Pension Fund Contribution	25,000.00	
Discount and Premiums	<u>9,635.57</u>	
		<u>173,632.93</u>

Net Deficit for the year ended Mar. 31, 1933: \$277,006.98

CORPORATE DEFICIT ACCOUNT:

Corporate Deficit, March 31st 1932	\$654,952.11
Net Deficit for year ended March 31st 1933	<u>277,006.98</u>
Corporate Deficit as At March 31st, 1933.	<u>\$931,959.09</u>

ALABAMA POWER COMPANY

INCOME STATEMENT FOR YEAR ENDED MARCH 31, 1955

For the year ended March 31, 1955

Telephone Operating Revenues

Exchange Revenues
Local Revenues
Toll Revenues

1,365,777.34
152,200.00
227,111.37

1,745,088.71

Telephone Operating Expenses

Operation
Maintenance

171,200.00
325,000.00

496,200.00

1,248,888.71

Net Telephone Revenues

Other Revenues

Director's Revenues
Miscellaneous Revenues
Interest Earned, etc.

34,703.14
41,000.00
18,100.14

93,803.28

1,342,691.99

Expenses

Interest
Contingencies
Commission and Exchange

1,400,001.17
113.10
1,400,114.27

1,400,114.27

102,577.72

Operating Results

Other Operating Expenses

Building Fund Contribution
Pension Fund Contribution
Savings and Treasuries

132,777.30
12,000.00
2,000.00

146,777.30

Net Results for year ended Mar. 31, 1955: 487,704.70

INCOME STATEMENT FOR YEAR ENDED MARCH 31, 1955

487,704.71

171,000.00

658,704.71

Corporate Results as of March 31, 1955

Corporate Results, March 31, 1955
Net Results for year ended March 31, 1955

